



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Honorable Dianne Feinstein
United States Senate
331 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Feinstein:

This in reply to your letter of November 10, 1993, on behalf of your constituents, Ms. E. Sue Schueler. Ms. Schueler is concerned about the impact of the Omnibus Budget Reconciliation Act of 1993 (Budget Act) on the cellular radio service unserved areas. Your letter was referred to me because the Office of Plans and Policy is responsible for implementing the competitive bidding provisions of the Budget Act.

President Clinton signed the Budget Act on August 10, 1993. The Budget Act affected the Commission by, among other things, limiting the Commission's lottery authority and granting the Commission authority to conduct auctions of the spectrum (competitive bidding). Further, the Budget Act permits the Commission to conduct lotteries for radio service applications that were accepted for filing prior to July 26, 1993. For example, because the Commission accepted IVDS applications for nine service areas prior to July 26, 1993, the Commission conducted a lottery for such service areas on September 15, 1993, as the Commission previously announced in a Public Notice, DA 93-935 (July 23, 1993).

In addition, the Budget Act, signed August 10, 1993, provided the Commission with 210 days from its date of enactment, or March 8, 1994, to issue final rules concerning competitive bidding. Accordingly, on September 23, 1993, the Commission initiated a rule making proceeding to implement the competitive bidding provisions of the Budget Act. Notice of Proposed Rule Making (Notice), PP Docket 93-253 (released October 12, 1993). The NPRM proposed, among other things, to subject future cellular radio applications to competitive bidding. The Notice also requested comment on whether to lottery or auction cellular radio unserved area applications received prior to July 26, 1993. In addition, the Commission proposed certain investment incentives, such as installment payment plans with interest, for small businesses and other entities designated by the Budget Act in order to ensure their economic opportunity under a system of competitive bidding. The public, including your constituents, had an opportunity to participate in this proceeding during the comment period that closed November 30, 1993. I can assure you that the Commission will give full consideration to all comments filed in the competitive bidding rule making proceeding.

Sincerely,

Robert Pepper
Chief
Office of Plans and Policy

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United States Senate

WASHINGTON, DC 20510-5004

CCB
CEH/UMK

4589

November 10, 1993

TO: The Federal Communications Commission
Office of Legislative Affairs
1919 M Street, N.W.
Washington, D.C. 20554

RE: E. Sue Schueler
9 Quail Ct.
San Rafael, CA

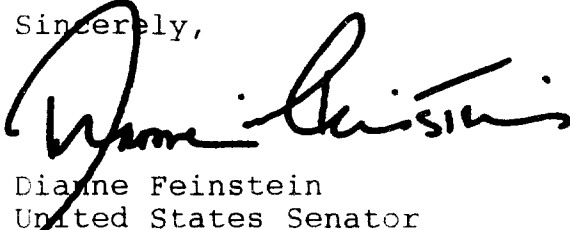
SUBJECT: Ms. schueler has contacted my office regarding his application for a license to construct and operate cellular telephone systems in rural areas. She does not believe it is fair for part of licenses to be auctioned. Please review her concerns and apprise me of the situation.

I am sending along the attached for your review and consideration.

A complete report, in duplicate and with the **return of the enclosures, will be appreciated.** The response should be directed to the attention of **Mia Ellis** of my Los Angeles office, 11111 Santa Monica Blvd., Suite 915, Los Angeles, California 90025 . If you need more information or if you have any questions, please contact Mia Ellis at 310/914-7308.

I would appreciate either a written interim or a final reply within two weeks. Thank you very much for your help in this regard.

Sincerely,



Dianne Feinstein
United States Senator

DF:mre

Enclosure

AUG 02 1993

9 Quail Ct.
San Rafael, Ca
AUG -6 PM 2:31
7/19/93

Honorable Diane Feinstein
U.S. Senate
Washington, D. C. 20510

Re: FCC Auctioning Proposal

Dear Senator Feinstein:

As a partner in a small business, I am in need of your assistance on a question involving Congressional authorization of auction of spectrum by the Federal Communications Commission. The question of this auction will soon be decided in the House-Senate budget reconciliation conference.

Just a little background...In 1988 the commission accepted applications for licenses to construct and operate cellular telephone systems in rural areas (RSAs). A good deal of money and engineering time were spent by my small company in preparing applications for these RSA licenses. These licenses were to be awarded by lottery.

Now, five years later, there are still 30 licenses which have yet to be awarded. Under the House and Senate Budget bills, these final 30 would be awarded by auction. It hardly seems fair, after we have incurred all of these up-front expenses to suddenly change the rules and the method for awarding licenses.

It seems the Chairman of the FCC is also concerned about the broad sweep of the proposed legislation. The cost of the application refund and paper work involved would be considerable.

The unfairness and cost of this legislation can be avoided. Senators Daniel Inouye, Ernest Holling and Congressmen Edward Markey and John Dingell are meeting soon to resolve this matter in conference. I ask that you immediately contact them to urge the conferees to restore the FCC authority to award RSA cellular licenses by lottery.

Sincerely,



E. Sue Schueler